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Atterbury, William Wallace

“He profits most who
serves best”

[S.I.]

[1923]

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*"He Profits Most
Who Serves Best"*

The Spirit of Employee
Representation on the
Pennsylvania Railroad

308

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Box 158



Address by W. W. Atterbury, Vice-President
in Charge of Operation, Pennsylvania Railroad
System, before the Rotary Club of Philadelphia,
September 18, 1923

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General Atterbury said:

It is a great pleasure to me to be with you this evening, and I am delighted to have the opportunity of talking to you on a live subject.

Your motto, "He Profits Most Who Serves Best," is a sermon in itself.

Your basis of organization, from each class of business or profession in a community, constitutes you as more broadly representative of the public than any other body that I know.

To the average person, the Declaration of Independence enunciates his rights, and each views a situation on a question of his rights with a large capital "R." He ignores, for selfish reasons, the individual duty which that same Declaration of Independence imposes on him.

Equal Opportunity the American Ideal

The last clause of this great document reads as follows:

"And, for the support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other, our lives, our fortunes, and our sacred honor."

The epitome of this is "He Profits Most Who Serves Best."

Secretary Hoover announces himself as an American Individualist, and his platform is as follows:

"Our individualism differs from all others because it embraces these great ideals: That while we build our society upon the attainment of the individual, we shall safeguard to every individual an equality of opportunity to take that position in the community to which his intelligence, character, ability, and ambition entitle him; that we keep the social solution free from frozen strata of classes; that we shall stimulate effort of each individual to achievement; that through an enlarging sense of responsibility and understanding we shall assist him to this attainment; while he in turn must stand up to the emery wheel of competition."

I endorse his platform because the fixed ideal of American Individualism is "equality of opportunity."

The study of human relations is an exceedingly interesting one, and when it is practically applied to that great subject of Labor and Industry it is perhaps the greatest problem of our day. Only through its right solution can we hope to maintain that American Individualism which has made the United States the greatest country in the world and the house of refuge for all other nations.

As a result of the War and Governmental operation, the railroad industry in this country, particularly the relationship between officers and employes of the individual roads, had arrived at the state of "frozen strata of classes." There was no individualism whatever, nor an opportunity for the individual.

With the return of the railroads to their owners, the relation between the Pennsylvania Railroad and its men was probably the most vital problem that we had to solve.

Employe Relations a Vital Problem

I wonder if you realize how serious this problem was. We have in our System at the present time about 240,000 officers and employes. They embrace practically every trade, skilled or unskilled, every form of office work and practically all of the recognized professions. They include men and women of forty-eight nationalities and speaking nearly as many different tongues. They are spread over a belt of country from the Mississippi River to the Atlantic Coast and from the Great Lakes to the Capes—a territory presenting widely varying conditions in living and living costs, in climate, in customs and characteristics of the people. For the most part they are divided into comparatively small groups in or near more than one thousand communities, strung along some ten thousand miles of railroad line.

The happiness, well-being, contentment and opportunity in life of all these workers and those dependent upon them rests chiefly upon one thing, and that is the establishment of fair and honest relationship between the workers and the transportation enterprise through which they earn their support. Thus, from a human standpoint, if from no other, we are dealing with a very big and important question, and unless it is settled right, the public, which after all is our employer, will not receive the service to which it is honestly entitled.

So far I have been speaking of the Pennsylvania Railroad System alone. The railroads of the country as a whole have two to two and one-half million employes, who with their direct dependents make up an army of probably eight million people. Surely no argument is needed to prove that the maintaining of right relationship between these people and their employers is in the highest sense a matter of national concern.

On our road alone we are paying out over One Million Dollars a day in wages. The pay rolls of all the railroads of the country probably run up to Ten Million Dollars a day. You, as representing the general public, supply this money.

Wages Absorb Half the Railroad's Dollar

When you travel or ship on our line, fifty-one cents out of every dollar you pay goes to wages. You have a right to know something about how and where and why that big slice of your dollar is spent and to expect some reasonable assurance that you are getting a fair equivalent in promptness, courtesy and efficiency of service. You have a right to feel sure that the portion of your dollar that is spent on wages is not unreasonably large. You have a right to look to the management to safeguard your interest in this respect, but it is equally the duty of the management to assure its employes a fair wage schedule, just working conditions and an opportunity to live according to our American standards and always maintaining American individualism and equality of opportunity.

If we achieve cheaper transportation in this country, it must come through greater efficiency; greater production at less cost. The efficiency of the machine as a whole depends upon the efficiency of the individual, and this can only be brought about as a result of whole-hearted, loyal and willing service. This implies no thought of hardship to the worker or the impairment of just and fair wage schedules, or the lowering of living standards.

It is true that railroad wage schedules must have reasonable flexibility and respond in a fair measure to general price levels. But, in my judgment, better team-play, finer loyalty and more whole-souled devotion of the worker to the job by which he makes his living are more important factors in lessening the cost of transportation service than are the wage schedules.

You are vitally interested in this, and we have the right to ask that you assist us in bringing about these results.

To make the employee feel that "He Profits Most Who Serves Best," underlies our plan of Employee Representation, and our general policy in employee relationship on the Pennsylvania Railroad. We are giving the employee a chance to see that only a prosperous Company can pay good wages, that the Company's success is his success and its failure his failure, and that men and management are merely two divisions of the same working forces.

We are endeavoring to make them realize the truth that any conflict between men and management is an economic and moral wrong. As a substitute, we offer the plan of sitting down as friends and talking over to a common understanding any differences that may arise. That is all our Employee Representation plan consists of. It is simply the old-fashioned across-the-table conference, by which from time to time fair and reasonable men have been able to adjust their differences.

Representation Plan Popular with Men

It would have been physically impossible to have called all of the men of the various classes into conference, because they run up into the thousands, so we asked the various crafts and classifications to hold elections and choose from among themselves, by secret ballot, their representatives to meet the representatives of the management. Then, in co-operation with the employees we worked out wage schedules and working conditions, all in the spirit of "give and take" on both sides.

With the establishment of working conditions necessarily followed their application, and as a sequence individual cases of grievances were bound to arise. Therefore, a method was developed of hearing these individual cases and grievances promptly, with a system of orderly appeals from the division authorities on up. At the top for each craft we established a Joint Reviewing Committee, virtually a court of last appeal, whose decisions are absolutely binding upon both sides. Each Joint Reviewing Committee consists of an equal number of elected representatives of the employees and representatives of the management. Each side has equal voting power. A two-thirds vote is required to

decide any case; the committee simply talks it out until two-thirds are convinced. The chairmanship of the committee alternates every six months between the employee and management representatives. What the committee finally decides in any case is law.

That, in a nutshell, is our Employee Representation plan. It has been in effect over three years. It works and is working better every day. It has the enthusiastic support of a large majority of our employees.

In the election of representatives recently held under our plan from 75 to 90 per cent. of the men eligible to vote actually did vote. This is an infinitely better showing than is usually displayed by our citizens in National or State elections, and is a fair appreciation of the value that the men themselves attach to the right to vote.

Doesn't it seem a bit strange that the United States Railroad Labor Board should have so bitterly attacked our Company for making this plan a success, particularly when you consider that the plan merely carries out what the Transportation Act told us to do—that is, to find a peaceful and workable means of settling differences with our employees?

Two elements have worked to make this plan a success, one is that the working forces on the Pennsylvania represent an exceptionally good class of citizens, and the other is that the plan itself is based on common fairness and justice that is mutual.

Personally, I think we are only beginning to see the good that will eventually come from this plan through increasing mutual goodwill, friendly feeling and co-operation throughout our great body of workers.

Pennsylvania' Employees Form One Big Family

The employees of the Pennsylvania Railroad are a great family. We had made great progress before the War, but political control of the railroads for over two years set us back a long way. Now, as a result of hard work, I feel that we are making up lost ground, and are rapidly moving toward better things.

It has been falsely charged that our Employee Representation plan is an anti-union movement. I want to strongly deny this. We are not fighting the right of our employees to organize, nor are we trying to destroy the existing unions.

We are at this moment dealing with 100% union committees, representing the signalmen, telegraphers and all the men in the engine and train service.

We do, however, strongly oppose certain uneconomic and un-American principles for which some unions stand. They are the closed shop, restriction of output and sympathetic strike. Take any one of these principles and apply the acid test of your motto, or size them up with the pledge that our forefathers took. We regard them as un-American and as aimed at the very fundamentals upon which our Government is based. We regard any union which stands for those principles as being thereby and to that extent out of harmony with American institutions, and destructive of American individualism, the secret of our national life.

It may interest you to know that the Train Service Brotherhoods, probably the strongest union organizations in the country today, have never advocated nor countenanced any one of these practices.

In a few words, that sums up our viewpoint of unionism and our general policy toward organized labor.

Co-operative Spirit Mutually Helpful

I need hardly add that our Employee Representation plan not only recognizes the right of collective bargaining, but is primarily based on it.

Our one object has been to develop such a spirit of co-operation between officers and employees as will result in good and efficient service to the public, and at the same time give to the employees all they can reasonably and fairly expect in wages, working conditions and the other surroundings that would satisfy a man's ambition for himself and his family, and to give every man an opportunity, through the employee representatives of his own selection, in deciding questions affecting his wages, working conditions and other matters of mutual interest and our service to the public.

We do not claim that we have found the only solution to the problem. We do know that we have found faith in each other that has been justified as time goes on. We have, as a result, settled amicably, to the mutual satisfaction of both officers and employees, such fundamentally important questions as wages, schedules

of working conditions, piece-work prices, questions of discipline and discharges, all of which in the old days proved vexatious and troublesome, and for which there had been no systematic method of solution.

Mutual confidence, facts mutually established and joint conferences to determine what the facts mean and how they shall apply—these are the fundamentals, and the questions growing out of industrial relations may be attributed generally to the lack of one or more of these factors. We have not discovered anything new. We have merely adopted a practical common-sense understanding that the best way to settle disputes is to trust each other, to find out what the facts are and then to sit down around a table and talk them over in a frank and friendly fashion.

As to the success of the plan, there is no room for doubt—both officers and employees have come closer together and they have come to understand better each other's problems and to see the other fellow's point of view. The disputed questions are taken up and settled promptly and what is more significant, more than one-half the questions that arise are settled right on the ground locally between the employee representatives and the immediate superiors of the employees concerned.

Prosperity Depends on Good Railroad Service

Now, let me say a few words as to the general railroad situation.

In a very able address a few days ago, speaking of the American-Canadian relations, Secretary Hughes remarked that the two countries had formed "the habit of peace." That is an exceedingly happy phrase, and I hope and believe is what we have established between the employees and the management of the Pennsylvania Railroad.

It is without question that the prosperity of business men, farmers and shippers depends on the character of service rendered by the railroads, and that in turn depends on the prosperity of the railroads. What we most need today is that there be formed "the habit of peace" as between the business men, farmers and the shippers on one side and the railroads on the other. It is to the credit of the shipping public that for some months past railroad men have enjoyed greater co-operation from their patrons

than ever before, and it is common knowledge that the results have justified their endeavors to be mutually helpful.

I believe that it is being generally realized that good transportation is worth all the cost of producing it, including a fair price for the use of the necessary capital. Many millions must be spent on American railroads before they catch up with the growth of transportation requirements which has already taken place. We hope this year to make the existing shortage of facilities felt as little as possible, but business must look ahead not merely to this year and the next, but to ten, twenty, and thirty years hence.

In this connection, Secretary Hoover a short time ago pointed out that every year a transportation shortage exists it creates commercial losses equal to the entire capital cost of bringing the transportation system up to the country's needs.

The Railroads a Political Football

Now, it is probable that at the next general election the Transportation Act and the railroads generally will become a political football of the demagogues of both parties. In the interests of good transportation and of the public generally this should not be permitted, and the Rotary Club can do no greater good to the country than to resist in every way possible any such action. This is again a clear case of "He Profits Most Who Serves Best."



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